

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

SUBJECT: START 2001/02 Development Request

ITEM NUMBER: 7

ATTACHMENT(S)

ACTION: X

DATE OF MEETING: July 12, 2001

INFORMATION: _____

PRESENTER: Ken Costa

As announced previously, the START system has been placed in production. To date, we have successfully converted millions of records from the legacy system to START, processed four monthly allowance rolls, a quarterly supplemental payment, the retroactive payment for the AB-429 ad-hoc benefit increase, and over 270 employer data files (representing account, earnings and contribution data) from employing districts and county superintendent of schools offices. In addition, CalSTRS has processed regular nightly update runs and non-periodic payment (one time) processes.

However, even with the success of this project, with a system (200 update modules, 150 batch programs, ten complete sub-systems of which are represented by over 2.5 millions lines of computer code) as comprehensive as START which takes a member account from the beginning date of membership, throughout a lifetime career, over a period of retirement, through a subsequent payment to a beneficiary and indefinite archival of a closed account, is not possible to identify all system functionality at the time of system design. As a result of the testing process, new system requirements are being identified which must be included within START. Additionally, since the beginning of the START project, many pieces of CalSTRS related legislation have been chaptered most of which resulted in benefit program changes that require changes to the design of START.

Since START is currently under warranty, all immediate changes to the system must be accomplished by the warrantor, WorldGroup Consulting (WGC), the developers of START. Accordingly, during the April 2001 meeting, the Teachers' Retirement Board (TRB) approved a request of \$1.1 million for enhancements to be made to START by WGC. In addition to legislative and business requirement related changes, some of this authorization was to address mission critical items that appeared during the first two months of production. A case in point was a change needed to deal with contribution exception lines in the processing of refunds and service retirements.

With the results of the continuation of the testing process (including that for system applications which will be placed into production within the next few months (such as annual update, 1099R Income Tax Form production and the valuation process)), the need to eliminate temporary manual “work-around” processes placed into effect to facilitate the “go-live” of START in March as well as the urgent requirement to implement other legislation (SB 1505 - Minimum Guarantee: Part II), additional authorization for spending authority is needed.

This request is detailed as follows:

Annual Update Process	\$ 340,400
Planning and Actuarial Services Process	127,650
SB 1505 (Minimum Guarantee Part II)	95,737
START I Deferrals	433,000
Accounts Payables/Receivables Sub-Systems	197,313
Consulting Support	<u>120,000</u>
Total	\$1,314,100

Recommendation

Staff recommends the Teachers’ Retirement Board authorize WorldGroup Consulting expenditures of \$1,314,100.

We would also note that an additional authorization for spending authority might be needed to accomplish some “final” work needed for START. We will determine if CalSTRS staff can address this work or if WGC augmentation is needed. We anticipate that if this argumentation is needed, that we would present this request in the fall of this calendar year.